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Daschle Bill Perpetuates Welfare As We Know It

Welfare doesn't work for people who get welfare checks or for working people whose tax dollars finance those checks. Some estimates place aggregate government welfare spending over the past three decades as high as $5.4 trillion in constant 1993 dollars *[Source: Heritage Foundation]*. Despite this spending, national poverty rates remain at about the same level as in 1965, the year President Johnson launched his war on poverty. Over that 30 year period, illegitimacy rates have climbed and neighborhoods with high levels of welfare dependency have become associated with soaring crime rates, greater incidence of child abuse and neglect, and intergenerational dependency on government handouts.

The Work Opportunity Act, which is now under Senate consideration as a Dole-Packwood amendment to H.R. 4, proposes to reform this failed system with tough work requirements, time limits on welfare benefits, and by giving states, rather than the federal welfare bureaucracy, greater control over major welfare programs. By contrast, S. 1117, introduced on August 3 by Minority Leader Tom Daschle, takes a "business as usual" approach toward welfare reform. The Daschle bill:

- ***Tinkers with the welfare system instead of rebuilding it.*** S. 1117 proposes to replace AFDC with a **bigger, more expensive package of entitlements.** Welfare recipients — known in the bill as "clients" — would become entitled not only to cash assistance, food stamps, Medicaid, housing assistance, and education aid, but also to unlimited job training and free child care (should they choose to attend school, get a job or attend job training workshops).

  This new entitlement program, dubbed "Temporary Employment Assistance," would be more expensive than the AFDC program it would replace. Preliminary estimates by the Congressional Budget Office (CBO) indicate that this program would cost nearly $16 billion ***more*** than projected AFDC costs over the next seven years. In all, total family support payments, including this new program and child support enforcement, would cost taxpayers more than $157 billion over the next seven years.

- ***Does not impose real time limits on welfare benefits.*** Backers of the Daschle bill say that it would limit "clients" to five years on the welfare rolls. But this five-year limit is

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followed by four pages of exceptions [pages 8-11]. Teen mothers, for example, would be exempt from this limit, so that a 15-year-old could stay on the rolls for as long as eight years, even if she didn't take advantage of the numerous other exceptions to the so-called "five-year limit" [p. 9].

A woman over age 18 who goes on welfare when her first child is born gets a year of benefits that do not count toward the five-year limit [pp. 9-10]. If she has subsequent children, she gets six months of benefits that also do not count toward the limit — three months for her last trimester of pregnancy and another three months after the baby is born [p. 10]. Thus, a welfare recipient who has three children while on the rolls actually can get up to seven years of benefits before reaching the "five-year limit."

Once a woman reaches that limit, her household ***still remains on the welfare rolls***. In addition to requiring that she remain entitled to Medicaid, food stamps and other welfare programs, the Daschle bill requires states to convert her cash benefit to vouchers for "shelter, goods and services" received by her children [p. 11]. The bill imposes no time limit on her receipt of these vouchers.

- ***"Redlines" welfare dependency.*** Even these weak "time limits" don't apply in areas with relatively high unemployment rates. If a welfare recipient "resides in an area with an unemployment rate exceeding 7.5 percent," ***none*** of her time spent on welfare counts toward the "five-year limit" [p. 8].

  The bill would create "impoverishment zones" where welfare recipients would remain permanently entitled to cash benefits. These zones would include the following major cities, all of which had unemployment rates of at least 7.5 percent in 1994: New York (8.7 percent), Los Angeles (10.6 percent), Washington (8.2 percent), Philadelphia (7.5 percent), Detroit (10.8 percent), Houston (7.8 percent) and Miami (8.0 percent). *[Source: Bureau of Labor Statistics]*

  This problem would not be confined to large cities with high welfare populations. The Bureau of Labor Statistics divides the State of New Jersey into 99 "areas" for computing unemployment rates. Of these 99 areas, 35 had unemployment rates in excess of 7.5 percent in 1994. Under the Daschle bill, welfare recipients in these 35 areas would be exempt from the 5-year limit on benefits.

- ***Proposes work requirements that are riddled with loopholes.*** S. 1117 requires 30 percent of cash welfare recipients to engage in "work-related activities" by FY 1997, and 50 percent by FY 2000. But, as with the time limits on welfare benefits, these work performance standards are undone by the fine print.

  For example, substantial numbers of welfare recipients are excluded when calculating work participation rates — mothers with young children, people who are old or ill, teen mothers, and those who are "caring for a family member who is ill or incapacitated."

Together, "clients" in these categories make up 25 percent of adult welfare recipients, according to CBO.

These "clients" are ignored in determining whether a state has met its work participation targets. The bill's participation rates thus apply only to 75 percent of adults on the rolls. In FY 1997, for example, only 22.5 percent of adult welfare recipients would have to participate in "work-related activities" (30 percent of non-excluded adult recipients). In FY 2000, that rate rises to 37.5 percent (50 percent of non-excluded adult recipients. Thus, when the Daschle "work requirements" are fully phased in, 62.5 percent of adult recipients will not be required to work or even to get job training.

By contrast, the Dole-Packwood amendment requires half of ***all*** adult welfare recipients in one-parent households to work by FY 2000. It imposes higher work participation rates — 90 percent, beginning in FY 1999 — on two-parent welfare households, unlike the Daschle bill.

- ***Increases spending on the largest federal cash welfare program.*** Welfare reform that doesn't spend working people's tax dollars more frugally isn't real welfare reform at all. The Daschle bill does achieve some savings — nearly $21 billion over seven years, compared with $70 billion that the Dole-Packwood amendment would save — but only after first ***increasing*** spending on the new AFDC program by nearly $16 billion, according to preliminary CBO estimates. This increase is offset by $19 billion in food assistance program savings. Changes in SSI and in federal policy on sponsorship of legal immigrants saves additional money, bringing total net direct spending savings to just under $21 billion.

  Even the bill's child support enforcement reforms end up costing taxpayers more money. The theory behind child support enforcement is that parents should take financial responsibility for their own children. One byproduct of stricter government enforcement of this responsibility is that single parents get bigger child support checks and, consequently, smaller welfare checks. But CBO estimates that the Daschle bill will ***increase*** federal child support enforcement costs by $261 million over the next three years. The Dole-Packwood amendment, by contrast, would ***save*** $155 million over that period, and $1.2 billion over seven years.

- ***Maintains the federal welfare bureaucracy.*** The Dole-Packwood amendment would reduce the federal welfare and job training bureaucracy by 30 percent. Because it converts a number of federal programs to block grants, it eliminates the need for state bureaucrats whose job is to comply with federal regulations governing entitlement programs.

  S. 1117 retains the entitlement structure of the existing welfare system. State and federal bureaucracy would not shrink under the bill, and almost certainly would grow. On page 84, the bill proposes "changing the welfare bureaucracy." What does the Daschle bill mean by "change?" Setting up "one-stop offices to coordinate the application process for individuals and families" for welfare [p. 84]. In other words, states are encouraged to set up one-stop shopping for welfare benefits, smoothing the road to welfare dependency.

The bill also would encourage state and local welfare bureaucracies to grow larger and more user-friendly by "establish[ing] convenient locations" in low-income communities for applying for welfare benefits [p. 85]. Applicants would get advice on how to sign up for a range of benefits "in appropriate languages and in a culturally sensitive manner" [p. 86].

- ***Doesn't allow states to take over welfare programs.*** Washington broke the welfare system; the Daschle bill asks you to believe that Washington will fix it. The Daschle bill springs from the one-size-fits-all, Washington-knows-best mentality which has driven federal welfare policy for three decades and which is resented by welfare recipients, taxpayers, and state governments alike. The Daschle bill replaces one set of federal rules and regulations with a new one. States that want to try better ways of alleviating poverty and reducing dependency would have to get the permission of a federal bureaucrat.

  The Dole-Packwood amendment, by contrast, gives states broad latitude to adapt programs to the varied needs of their low-income citizens.

- ***Caters to the special interests of Big Labor.*** Labor unions fear competition from non-working welfare recipients who want to take the first steps on the road to independence from government handouts. Enterprising welfare recipients are looking for work, and they are willing to accept low-paying jobs as a first step toward a working career. As the Daschle bill acknowledges, "minimum wage jobs are a stepping stone to more highly paid employment" [p. 56].

  But while S. 1117 pays lip service to getting welfare recipients to work, the bill would allow labor unions to keep them unemployed. Participants in the Daschle bill's so-called "Work First" program would be forbidden to "fill any unfilled vacancy" or to perform any activities that would "supplant the hiring of employed workers not funded under the [so-called 'Work First'] program" [p. 59]. In other words, the bill pretends to encourage welfare recipients to work, but it discourages employers from hiring them.

- ***Contains provisions for new federal pork.*** A substantial amount of government anti-poverty money goes not to the poor, but to non-profit groups, which are supposed to provide services to the poor. Over the years, these groups have become more numerous and more politically powerful, overseeing the distribution of billions of dollars in government money — and keeping some to meet their own administrative expenses, like salaries and benefits. S. 1117 creates several new programs of grants to these organizations, including grants to:

— Non-profit entities to provide technical assistance, training, and credit to "low-income entrepreneurs" [p. 71];

— Non-profit entities to "provide technical and financial assistance to private employers in the community to assist such employers in creating employment and business opportunities" for welfare recipients [p. 91].

Ending Welfare, Or Changing It?

The Daschle bill, though it masquerades as welfare reform, preserves the current welfare system, which disserves taxpayers and welfare recipients alike. Its work requirements are weak, its time limits are ineffective, and its "Washington-knows-best" approach repeats the errors of the past 30 years. The Work Opportunity Act, introduced as S. 1120 and as a Dole-Packwood amendment to the welfare reform bill now pending before the Senate, proposes real reform that requires welfare recipients to work, places real time limits on benefits, dismantles the federal welfare bureaucracy, gives states more control over welfare policy, and saves taxpayers $70 billion over seven years in federal welfare spending.

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